



# Britvic plc Preliminary Results 2021

24 November 2021



# Preliminary results presentation



## Strategic and operational review

Simon Litherland, Chief Executive Officer

GOOD PROGRESS IN FY21, EMERGING STRONGER



## Financial review

Joanne Wilson, Chief Financial Officer

RESILIENT PERFORMANCE AND POSITIVE TRAJECTORY ACROSS KEY FINANCIAL METRICS



## Looking ahead

Simon Litherland, Chief Executive Officer

WELL-POSITIONED FOR FY22, CONFIDENT IN OUR FUTURE GROWTH

FOLLOWED BY Q&A

## Good progress in FY21, emerging stronger

- Strong revenue growth driven by our portfolio of family favourite brands
- Accessed new growth spaces: Aqua Libra Co, Plenish and Rockstar
- Invested in our business: people, brands and infrastructure
- Continued progress on our Healthier People, Healthier Planet agenda
- Demonstrated operational resilience and agility, underpinned by highly-engaged people and the investment in our Business Capability Programme
- Partnered with customers and suppliers to deliver great outcomes together
- Disciplined cash management, enabling further debt reduction and dividend growth



# Positive trajectory across key metrics

PEOPLE, PLANET, PERFORMANCE

UNDERLYING  
REVENUE  
+6.6% \*\*

ADJUSTED EBIT  
+10.0% \*\*

ADJUSTED EBIT  
MARGIN  
+40bps

FREE CASH FLOW  
+£43m

DIVIDEND PER SHARE  
+12.0% \*

HEALTHIER PEOPLE | HEALTHIER PLANET

CONSUMERS  
Only 25 calories  
per serve

EMPLOYEES  
Engagement  
at 80%, +2%

PACKAGING  
All GB IC packs  
in 100% rPET

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\* Adjusted for one-off non-cash deferred taxation impact of the increase in UK Corporation tax rate to 25% from 2023

\*\* Adjusted for currency, disposal of France PL and Counterpoint agency

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## | GB: Strong performance across our portfolio of family favourite brands

### CHANNEL DYNAMICS

- At-Home channel remains structurally larger than 2019
- On-Trade channel rebounding in H2
- Immediate consumption now back at 2019 levels

### BRITVIC PERFORMANCE

- Driven by our market-leading low/no sugar carbonate brands
- J2O in growth due to On-Trade resurgence
- Fruit Shoot growth as mobility improved, schools re-opened and On-Trade restrictions lifted
- Solid Robinsons performance, value remains ahead of pre-pandemic as consumers continue to spend more time at home
- Immediate consumption packs rebounded as consumer mobility normalised



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## 🇬🇧 | GB: Innovating and expanding the portfolio to accelerate growth



### INNOVATING ACROSS OUR CORE PORTFOLIO

- New flavours to broaden appeal on:
  - Pepsi, Tango, and Robinsons
- New Purdey's and Robinsons RTD ranges to expand our health leadership
- Using dispense to access new occasions with London Essence Fresh Serve – Premium Tonic on Tap, and Aqua Libra Co



### ACQUISITION OF PLENISH PLANT-BASED DRINKS

- Integration plan on track
- Leveraging Britvic relationships to secure new grocery listings in GB and NL
- Relaunch planned for Spring 2022



### REJUVENATION OF THE ROCKSTAR ENERGY BRAND

- Extended Pepsi agreement gives us access to Rockstar Energy
- Overhaul of brand proposition – improved liquids, added health benefits, clear consumer proposition
- Solid base for growth



# GB: Continued focus on sustainability agenda

## HEALTHIER PEOPLE, HEALTHIER PLANET



### BELONGING AT BRITVIC

- Network of D&I employee forums to ensure true sense of belonging
- Voluntary network of 'Wellbeing Warriors' and mental health first-aiders
- Partnership with 'Andy's Man Club' to support male mental health



### HEALTHIER CONSUMER CHOICES, PEOPLE & PLANET

- 90% of volume below soft drinks levy and HFSS threshold
- 100% rPET rolled out to all IC packs
- Support a GB-wide DRS scheme to bolster recycling rates



### OUR PATH TO NET ZERO

- The first UK soft drinks company to commit to limiting global warming to SBTi 1.5°C – the highest standard
- Developed ambitious carbon reduction pathway to 2025



### WATER STEWARDSHIP

- River restoration projects to improve water quality and biodiversity
- Launched programmes in all manufacturing sites – building engagement through employee volunteering



## | Brazil: Building scale and pace, fuelled by both core and innovation brands



O QUANTO AS NOSSAS  
AÇÕES IMPACTAM NO  
VERDE QUE TEMOS  
NO BRASIL?



### GROWING OUR LOCAL FAVOURITES

- RTD brands in strong growth, supported by new flavours and pack formats
- Share of flavour concentrates at all-time high
- Accelerating Fruit Shoot performance across the year
- Leveraging group capability to improve liquids, broaden appeal and PPA capability

### PORTFOLIO EXPANSION TO ACCESS NEW SPACES

- Successfully scaling recent innovation – Puro Coco, Seleção grape juice, Natural Tea and Nuts
- Launched group brands to access new premium growth spaces with Pressade, Mathieu Teisseire, Britvic and London Essence

### PROGRESSING HEALTHIER PEOPLE, HEALTHIER PLANET

- Partnering with farmers and educational bodies to ensure efficient, sustainable production
- First full year of zero waste to landfill
- Increased biomass capacity
- Launch of employee wellbeing programme





## | Other international: Simpler business focused on driving profitable growth



### FRANCE / BENELUX

- Simplified businesses enabling greater focus on higher-margin brands
- Share gains for Teisseire in France and Netherlands and for Moulin De Valdonne and Fruit Shoot in France
- Tough comparators for At-Home syrups, poor weather resulting in revenue decline, partly offset by Fruit Shoot in strong growth
- HPHP initiatives included the launch of Pressade biodegradable packs



### IRELAND

- Exited low margin wholesale business. Retained on-trade presence via distribution agreements
- Continued growth At-Home through trusted family favourites & Out-of-Home recovery as lockdown ends
- Relaunch of Ballygowan in 100% rPET
- Gold award from Origin Green, Ireland's food & drink sustainability programme



### GLOBAL PREMIUM

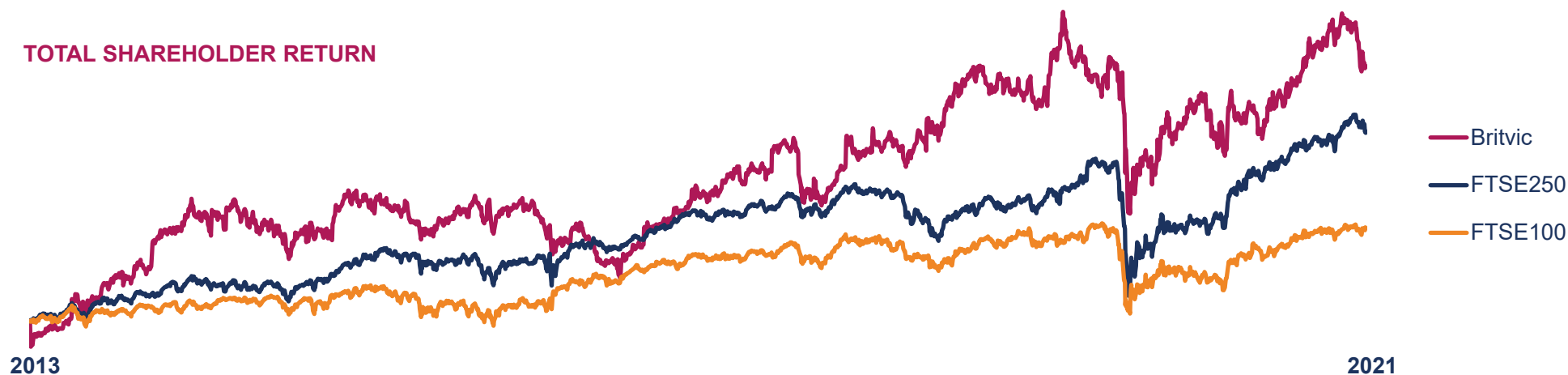
- Heavily impacted by global lockdown restrictions, strong recovery as restrictions lifted
- Launch of new digital hub for Mathieu Teisseire to connect with trade professionals
- London Essence available in double the number of outlets compared to 2019

# A track record of creating shareholder value

- Total shareholder return of 156%, outperforming the FTSE 100 & 250 since 2013
- Market Cap increased from £1.1bn to £2.4bn
- Unwavering commitment to a 50% pay-out ratio: paid 50% across 2020 and 2021

- £534m of dividends returned to shareholders since 2013
- Focused on continuing to deliver strong value for shareholders

## TOTAL SHAREHOLDER RETURN





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# Financial Performance

Joanne Wilson

RESILIENT PERFORMANCE  
AND POSITIVE  
TRAJECTORY ACROSS ALL  
FINANCIAL METRICS

## Good year-on-year progress across key financial metrics

Metric	Reported	Vs LY
Revenue	£1,405.1m	+6.6%**
Adjusted EBIT	£176.5m	+10.0%**
Adjusted EBIT margin	12.6%	+40bps**
Adjusted EPS	44.3p*	+2.5%
Dividend per share	24.2p	+12.0%
Free Cash Flow	£132.7m	+£42.7m
Adjusted Net Debt/EBITDA	2.1x	(0.3x)

**H1 revenue**  
Vs 20 -4.1%  
Vs 19 -2.2%

**H2 revenue**  
Vs 20 **+16.8%**  
Vs 19 **+3.3%**



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\* Includes one-off non-cash deferred taxation impact of the increase in UK Corporation tax rate to 25% from 2023

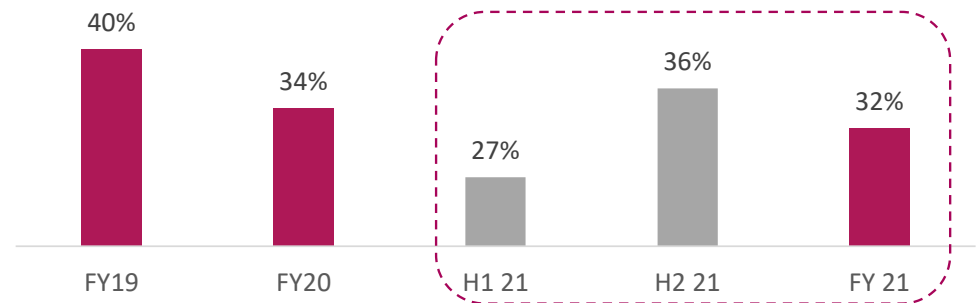
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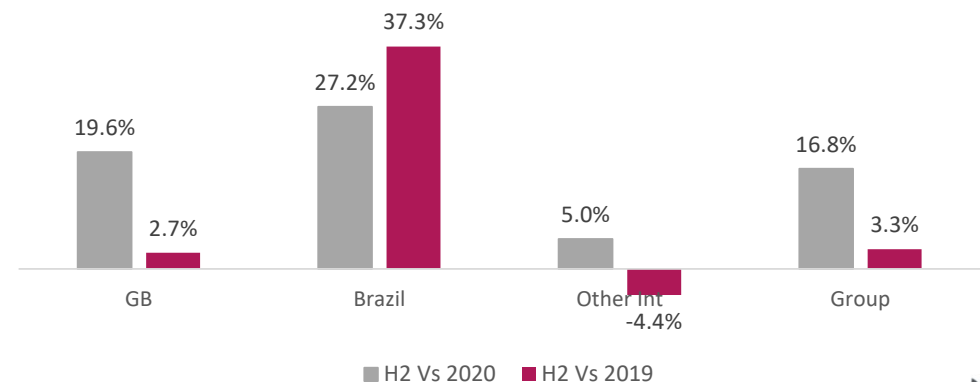
# Improving mix and positive trajectory with H2 revenue ahead of 2020 and 2019

- H1 heavily impacted by protracted lockdown and social distancing measures
- Group revenue in H2 up on 2020 and 2019
  - +16.8% on 2020
  - +3.3% on 2019
- A structurally bigger GB At-Home business compared to 2019
- GB immediate consumption now back at 2019 levels
- GB Out of Home market at approximately 85-90% of 2019 levels
- Similar trends in Ireland
- Positive trajectory in H2 as restrictions lifted

GB Out of Home as % of total volume

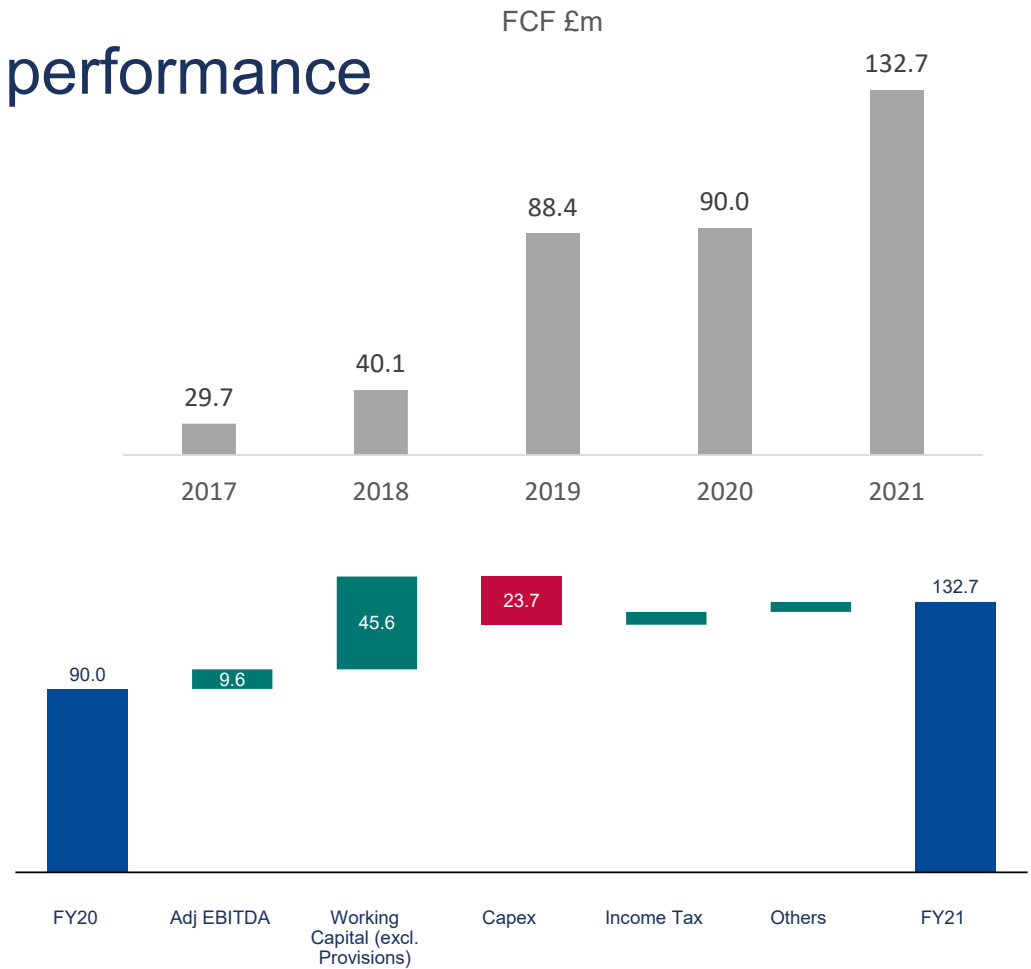


H2 revenue vs FY20 and FY19



# Continued strong underlying cash performance

- Record free cash flow generation after M&A outflows
- £32m reduction in adjusted net debt
- Closing net debt £78m lower than 2019
- Debt leverage back to pre-pandemic levels
- Strong underlying working capital improvement and £20m pension cash benefit
- A resilient, cash generative business



# Business unit highlights

## Great Britain

- Revenue; AH +10.9%, OOH -0.1%
- Pack and channel mix driving positive ARP
- Margin growth impacted by A&P rebuild in H2

## Brazil

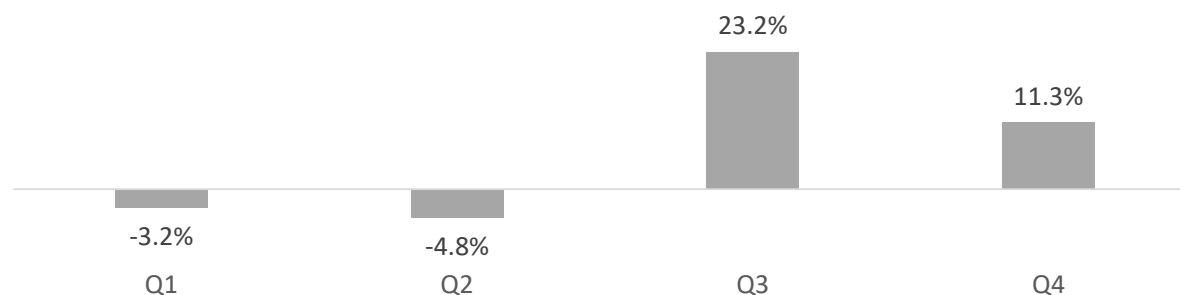
- Strong volume and revenue growth, primarily from RTD
- Scaling innovations brands
- Margin decline due to inflationary pressures and mix

## Other international

- **France** - Fruit Shoot growth offset by syrups decline due to impact of poor weather and tough comparable
- **Ireland** - Bounce-back in Out-of-Home channel as restrictions ease and At-Home demand remains strong
- **Other** - growth across Asia, Middle East, Export and Belgium partly offset by exit of Fruit Shoot in the Netherlands

	GB	BRAZIL	Other Intn'l	GROUP
Volume	+4.7%	+14.9%	0.2%	+5.1%
ARP per litre	+3.1%	+5.3%	(1.4%)	+1.5%
Revenue	+8.0%	+21.0%	(1.3%)	+6.6%
Brand contribution	+8.5%	+2.5%	(1.9%)	+5.9%
Brand margin %	+10bps	(330)bps	(20)bps	(30)bps

Revenue growth YOY



## Continued cost discipline supporting rebuild of investment

	2021	% Constant Exchange Rate
<b>Total A&amp;P spend</b>	<b>58.0</b>	(26.5%)
A&P as a % of revenue	4.1%	(80)bps
Non-brand A&P	8.3	+18.6%
Fixed Supply Chain	122.1	(2.2%)
Selling Costs	75.1	+0.5%
Overheads & Other Costs	126.5	(10.5%)
<b>Total fixed cost base</b>	<b>332.0</b>	<b>(3.9%)</b>

### A&P and Fixed Costs

- Rebuild of A&P investment, H2 ahead of 2019
- Overhead & Other costs up due to rebuild of discretionary spend and reward





# Confident in our ability to mitigate inflation



## A HIGHER INFLATIONARY ENVIRONMENT

- Raw material cost inflation across key commodities, labour and energy
- UK-wide haulage constraints
- Managing impact on raw materials from global supply chain disruption



## SMART REVENUE MANAGEMENT CAPABILITY

- Implementing price increases across all markets
- Continue to optimise promotional depth and frequency
- Manage brand / channel mix levers to grow ARP
- Utilise pack architecture flexibility across customer base
- Pricing power and elasticity well understood



## DISCIPLINED COST AND PROCUREMENT MANAGEMENT

- High level of cover for FY22
- Targeted efficiency projects
- Ongoing mitigation initiatives, including formulations and sourcing
- Retain flexibility to invest as the year progresses

# Technical guidance and modelling considerations for 2022

## MODELLING CONSIDERATIONS

- Soft comparators in H1 due to lockdowns and social distancing measures in place in FY21
- Higher inflationary pressures
- Expect further progress on margin recovery however held back by channel mix and cost inflation
- Planning to further invest behind growth drivers, subject to market conditions

## TECHNICAL GUIDANCE

- **Tax rate** – 21% to 22% ETR
- **Interest range** - £17m to £18m
- **Pension** – reducing to £5m cash contribution
- **Capital spend** - £90m to £100m including post-COVID catch-up
- **Adjusting items** – Less than £5m plus recurring non-cash acquisition related amortisation of £8m



# Looking Ahead

Simon Litherland

WELL-POSITIONED FOR  
FY22, CONFIDENT IN OUR  
FUTURE GROWTH



BRITVIC  
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# Our growth strategy remains robust and consistent

**CONFIDENT IT WILL CONTINUE TO DRIVE GROWTH**

## STRATEGIC PRIORITIES



**BUILD LOCAL FAVOURITES & GLOBAL PREMIUM BRANDS**



**FLAVOUR BILLIONS OF WATER OCCASIONS**



**HEALTHIER PEOPLE, HEALTHIER PLANET**



**ACCESS NEW GROWTH SPACES**

## MARKET FOCUS



**LEAD MARKET GROWTH IN GB**



**ACCELERATE AND EXPAND IN BRAZIL**



**GLOBALISE PREMIUM BRANDS & IMPROVE PROFITABILITY IN WESTERN EUROPE**

## ENABLERS

**GENERATE FUEL FOR GROWTH THROUGH EFFICIENCY**

**TRANSFORM ORGANISATIONAL CULTURE & CAPABILITY**

**SELECTIVE M&A TO ACCELERATE GROWTH**

## Each geography has a clear role in our growth strategy



### LEAD MARKET GROWTH IN GB

- Outpace the category with focus on family favourites, scale innovation, healthier and more premium choices
- Channel and category expansion
- Enhanced long-term PepsiCo relationship



### ACCELERATE AND EXPAND IN BRAZIL

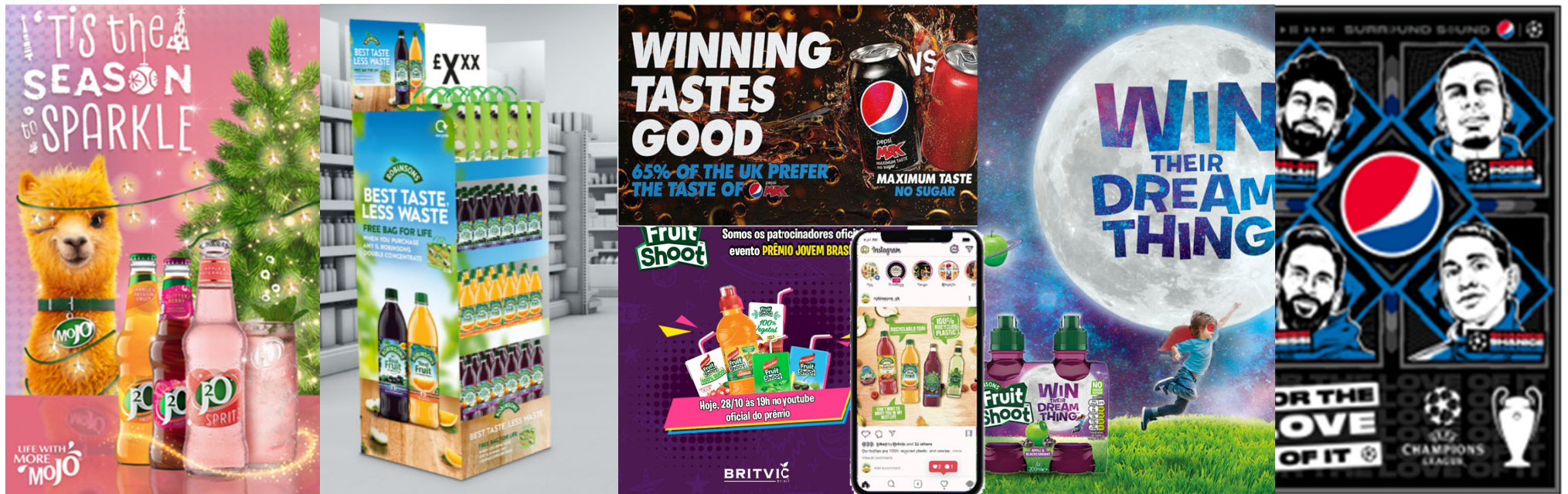
- Continue rejuvenation of flavour concentrates
- Penetrate new categories through innovation, acquisition and group brands
- Increase operational leverage as we expand distribution & build scale



### GLOBALISE PREMIUM BRANDS & IMPROVE PROFITABILITY IN WESTERN EUROPE

- Leverage simplified France and Ireland businesses to focus on higher margin brands
- Grow London Essence and Teisseire to scale in select priority markets

## We are investing in our brands



- Big proven platforms, executed through the line
- Partnering with retailers on scale seasonal events such as Christmas
- Multi-channel approach - TV, print, digital and outdoor:
  - On-pack activation
  - Unique retailer activity
  - In-store feature & display across all customer channels

# Innovating to build our health and wellness credentials

BUILDING OUR  
HEALTH &  
WELLNESS  
OFFERINGS



NEW FLAVOURS  
TO BROADEN  
APPEAL

# We are investing in our organisational capability, technology and infrastructure



## COMMERCIAL CAPABILITY

- Implementing Kantar to upgrade revenue management and CRM
- Enhanced access to real-time data for our field sales teams



## DIGITAL MARKETING

- Investing in a data and insights led, end-to-end consumer experience
- Developing an in-house digital studio and global marketing data strategy



## SUPPLY CHAIN

- New can line and upgraded national distribution centre
- Implementing SAP Ariba to drive further procurement efficiency



## We are investing for a better tomorrow



### PEOPLE

- Connected technology to support collaborative, hybrid working
- Active wellbeing and D&I programmes in all our markets
- 24/7 access to learning and development through online global library



### PLANET

- Decarbonisation towards net zero – eg. renewable energy in GB & Ireland, and more biomass capacity in Brazil
- Water metering to drive improved water ratio and stewardship
- Increased rPET and light-weighting to reduce packaging per serve

**HEALTHIER PEOPLE, HEALTHIER PLANET**

## Emerging as a stronger, faster-growing, more agile business

- Soft Drinks is a growing and resilient category – affordable, everyday consumables
- Britvic has an excellent track record of navigating headwinds
  - We have many levers and choices at our disposal
- Today, we are emerging as a stronger, faster-growing and more agile business
  - Solid balance sheet, cash generative
  - Highly-engaged, capable and connected team
- We are also poised for future growth
  - A portfolio of trusted family favourite brands
  - Pipeline of innovation to access new spaces
  - Investing to accelerate our growth trajectory



# APPENDIX

## Adjusting Items

	£m
Strategic restructuring costs, primarily related to the closure of Counterpoint	6.7
Acquisition costs, primarily related to Plenish	0.2
Past pension service costs	0.7
Other	0.1
<b>Total excluding acquisition-related amortisation</b>	<b>7.7</b>
Acquisition-related amortisation	8.2
<b>Total adjusting items pre-tax</b>	<b>15.9</b>